

Energy Networks Association Response to Energy Future System Operator Consultation

Introduction

- Energy Networks Association (ENA) represents the companies that operate and maintain the gas and electricity grid network in the UK and Ireland. Serving over 30 million customers, they are responsible for the transmission and distribution network of 'wires and pipes' that keep our lights on, our homes warm and our businesses running.
- This response sets out a collective view for ENA representing the electricity and gas network companies. As such, ENA members support the review of and the opportunity to shape the proposals set out in this consultation for Future System Operator.
- This response should be read in conjunction with ENA's response to the Ofgem and BEIS consultation on Energy code reform: governance framework.
- If you have any questions on the points raised in this response or would like ENA to provide a further briefing, please contact David Smith, Chief Executive of Energy Networks Association email: david.smith@energynetworks.org

Network performance and role in the energy transition

- Our energy networks are recognised around the world for their strong track record of safely and securely providing the UK with the heat and power it needs, including during unprecedented and challenging times such as last year when demand patterns significantly changed during the Covid-19 pandemic and extreme weather events, such as the "Beast from the East" in 2018.
- Electricity and gas networks have a fundamental role in enabling the UK to meet its ambitious Net Zero targets. Our members are at the forefront of this energy transition through initiatives such as the Open Networks project that is laying the foundations of a smart and flexible energy system for a Net Zero future. Networks have implemented tangible changes within the current price control period to become smarter and more flexible, including establishing the world's largest local flexibility markets with over 3GW of local flexibility introduced into this market.
- The Open Networks project¹ has introduced real momentum into the ways in which electricity and gas distribution and transmission networks work together and collaborate

¹ <https://www.energynetworks.org/creating-tomorrows-networks/open-networks/>

with the broader industry. Taking a whole systems approach, Open Networks is leading the energy transition by:

- opening local flexibility markets to demand response, renewable energy and new low-carbon technology and removing barriers to participation
 - providing opportunities for these flexible resources to connect to our networks faster
 - opening data to allow these flexible resources to identify the best locations to invest
 - delivering efficiencies between the network companies to plan and operate secure efficient networks
- Furthermore, through ENA's Gas Goes Green (GGG) programme², gas network companies have made clear their commitment to creating the world's first zero carbon gas grid, here in the UK, and to delivering the innovation projects needed to tackle the operational and technical challenges associated with the deployment of hydrogen together with other low carbon gases like biomethane.
 - As we have seen through recent government publications, low carbon hydrogen will play a critical role in helping us deliver Net Zero and will require large-scale change across the supply chain. This will require a transformation of the gas networks and the ways in which they are regulated.

Approach to Future System Operator

- Whilst good progress is being made to lay the foundations for the energy transition, there is a need to recognise that Net Zero is a significant step change that will require extensive large-scale transformation across the sector. This needs to be delivered in a coordinated way, taking a whole systems approach in its planning and delivery.
- As part of this approach, there is an opportunity to holistically consider the wider market reforms and ensure that the FSO proposal and next steps tie in with other policy areas, including work on Network charging (i.e. Ofgem led Significant Code Reviews), Full Chain Flexibility, Energy Codes Review, the proposed introduction of new Competition models in Transmission and Distribution networks, Ofgem review of Network Planning, Digitalisation, Local Area Energy Planning and Mapping (LAEMP initiative recently kicked off by Ofgem and BEIS), and the Hydrogen Strategy.

² <https://www.energynetworks.org/creating-tomorrows-networks/gas-goes-green>

- We believe that coordination and cooperation across electricity and gas networks, as well as all other players in the energy sector, will be fundamental to the development of the FSO model. As recognised in the recent Smart Systems and Flexibility Plan, coordination across markets will be critical to operating an efficient zero carbon system. To this end, Open Networks is helping to deliver a common framework for flexibility by 2030. There will be a continued need for this coordination in the industry as part of the FSO model.
- Given the established timeframe for the UK to achieve its ambitious Net Zero targets, and the key role of the FSO in facilitating delivery of this target, strategic, authoritative decisions will require to be made promptly and with clear long-term vision.
- Given the nature of the challenge, however, it is important that a phased approach to implementation is taken, ensuring a least regrets approach to the transition to the FSO that delivers benefits to customers, maintains reliability, and keeps costs down. This should start with the existing capabilities that the ESO has established over the years, followed by the introduction of new roles.
- Striking a balance between pace in the face of Net Zero, working within the existing legislative framework (with changes made in line with the timings and proposals of the Energy Bill currently expected in 2022) and pragmatism in implementation will be key to establishing the FSO.
- As recognised in the consultation, given the nature of these changes, it would be important for the industry to have visibility of the timelines of key decision points.
- Our experience of significant industry change leads us to favour the creation of a panel or group of relevant industry experts to help develop the framework to establish the FSO, including roles, responsibilities, and associated governance.

Future System Operator Roles and Responsibilities

- We believe that the proposed roles and responsibilities set out in this consultation are at very high-level at this stage. We would need to understand them in more detail before we were in a position to comment more definitively on them.

- At this stage, we would refer Ofgem and BEIS to the individual responses from our members as there is a range of views on gas system operation and the proposed new and enhanced roles for the FSO.
 - Broadly, our members agree that there would be a role for the FSO in coordinating long-term strategic planning to deliver a truly holistic and whole energy system approach to Net Zero. However, there would be a need to ensure that roles and responsibilities across the FSO and network companies are clearly defined so that functionality is not duplicated, particularly with respect to network planning. These roles and responsibilities should be developed with further input from the industry.
 - Some members disagree with the FSO taking on some of the roles associated with greater network planning responsibilities, dispute resolution and advisory roles.
 - As set out in ENA's response to the Energy Codes Reform consultation, codes will need to be managed by licensed code managers. We would refer you to this response for further information.
 - We believe that it would be up to Ofgem to select an appropriate body for managing codes and ensuring that there are no conflicts of interest. Would also refer Ofgem and BEIS to individual member response for further views on this.

Organisational Model

- There is a range of views and preferences across our members, and we request Ofgem and BEIS to review and consider them.
- Broadly, our members believe that the organisational design of the FSO will be critical to the success of the FSO model and will require consideration of a number of factors, including:
- Speed and complexity of implementation, clarity of accountability and responsibility between different bodies.
- The organisational design will need to ensure that the FSO is appropriately incentivised to deliver the functions in an efficient manner, maximising benefits to customers and has appropriate powers to deliver the scale of change that would be needed.
- Additionally, a key consideration needs to be that whilst there may have been perceived conflicts of interest, there has been no evidence that the ESO had any real conflicts of interest and acted upon them. GB has a strong track record of private ownership driving

efficient investment and improving performance for customers with incentive regulation working well to date.

- There are a range of views on how this can be achieved. Please see ENA member responses for details.

Considerations for electricity transmission networks

- We welcome the proposal for a more strategic and holistic view to be taken of the network, which supports whole system planning. However, we do have significant concerns with the proposals for the FSO to have greater responsibilities on onshore network planning, which is currently a role which sits with the Transmission Owners (TOs). The FSO does not have the skills, resource and expertise to undertake greater network planning responsibilities and to do so would duplicate those held by the TOs and would not be in consumers' best interests. We would refer you to ENA member responses for further details.

Considerations for electricity distribution networks

- There is a need for the industry to recognise that the scale and complexity of the changes required, particularly at a distribution level, are significantly larger and therefore need to be better understood and well evidenced when considering interactions with the FSO and any other changes at a distribution level.
- Additionally, the nature of local flexibility markets should be a key consideration:
 - They require a strong understanding of, and interaction with, very localised distribution network assets.
 - Due to their highly locational nature, they require engagement with more localised resources connected to the distribution network, as well as with local communities and stakeholders.

Considerations for gas transmission and distribution networks

- Gas arguably faces the greatest net zero transformation challenge for which the FSO working closely with the gas networks will need to have the skills and capability to

undertake. Although at a very early stage of development, the prize of lower costs, greater supply diversity and least disruption to customers represented by the potential of Hydrogen is makes it an attractive proposition. If Hydrogen is taken forward to replace or complement natural gas with CCUS then significant changes to the commercial and regulatory frameworks will be required and potentially the physical configuration of the system. Equally, if this is not the case or limited in nature then the challenges of transitioning and decommissioning will be considerable, not least in ensuring customers are engaged and supported throughout.

Response to questions

1. Do you agree that Net Zero will create the need for new technical roles in the electricity and gas systems, and require a new approach to energy system governance?

- The drive to Net Zero will require the adoption of a comprehensive whole system approach across the electricity and gas energy networks, as well as wider energy vectors, including energy supply, generation, transport and heating. The FSO, DSOs and Gas Transporters will have a key role in the coordination of this activity that will require understanding local regional and national priorities, making the right investment decisions to deliver the country's energy needs, whilst balancing efficiency, economic and optimum low carbon requirements.
- This is a step change from today and there will be the need to evolve capabilities, functions and supporting roles and responsibilities to meet our Net Zero targets. As part of this, we agree that there will be a need to enhance technical roles within the electricity and gas sector for all network companies to support relatively newer functions that are critical to achieving Net Zero, such as real time operation of networks, whole system local area energy planning, etc.
- We agree with the need for reviews of system governance to ensure that the new functions can be delivered effectively but as noted in our response above, we believe that a phased approach is necessary to ensure that the evidence is available to make the most effective decisions. This will be particularly important at a distribution level where the challenges and potential implications of change are much greater and still relatively unclear at this stage. Defining clear roles, responsibilities and accountability into the different elements of the energy system will be critical.

2. Do you agree that the establishment of a Future System Operator is needed to fulfil the kinds of technical roles needed to drive Net Zero?

- Generally speaking, we agree that the FSO will play a key role in delivering the technical roles at a national system level that are needed for Net Zero. However, these must be delivered in a close collaboration approach with all energy stakeholders, especially electricity transmission, distribution and gas networks, who possess the technical expertise and knowledge at a local level.

3. Do you agree that a Future System Operator should have roles in both the electricity and gas systems?

- To achieve Net Zero, we need to take a whole energy systems approach to planning, building and operating the energy system. Co-ordination and collaboration across all energy vectors and relevant stakeholders is therefore essential.
- Defining clear roles and responsibilities to the different elements of the energy system at the earliest opportunity will be critical. There would be a need to ensure that roles and responsibilities across the FSO and network companies are clearly defined so that existing and future functionality is not duplicated.
- The FSO will likely need to have some roles across both electricity and gas in order to deliver the desired whole system outcomes. For example, the coordination of strategic long-term planning of the networks at a national level across both gas and electricity, working collaboratively with both electricity and gas networks. Network planning currently occurs within all network companies, and hence the FSO functionality needs to be complimentary – for example providing an overarching national whole systems framework and guidelines, while enabling local networks to opportunity to plan locally with all relevant stakeholders.
- It is key that the FSO does not become an electricity-only entity, and a sensible mix of gas and electricity functionality needs to be implemented to ensure a true whole systems approach.
- As outlined in our response above, there is a range of views on exactly what functions the FSO should and shouldn't deliver. We request Ofgem and BEIS to reflect on the responses from our members.

4. Do you agree that a Future System Operator should be entirely separate from National Grid plc?

- We do not have a particular view on this and will support BEIS and Ofgem in providing information for their analysis of this. We would also refer you to individual member responses for further thoughts on this.

5. What issues are there with existing institutional arrangements in the UK energy system in relation to system-wide decision-making and planning?

- Generally speaking, there remains a significant degree of organisations operating within “silos” across the different parts of the energy system, particularly between energy vectors. Long term (strategic) whole systems energy planning at a national level is a good example of this. Taking a whole systems approach where solutions are delivered locally as well as nationally will be critical to achieving Net Zero.
- It is evident that more must be done in this space, however there are a number of steps being undertaken by networks to start to address this issue; e.g. all DNOs have presented their approaches for whole system planning in their recently submitted draft business plans for RIIO-ED2. Similarly, GDNs included their proposals in their RIIO2 submissions and the Exit Capacity Planning Guidance requirements require GDNs and NTS to work together to agree offtake capacity booking between distribution and transmission.
- Additionally, through the Open Networks Whole Energy Systems work, the electricity and gas networks have delivered a number of improvements in the interim, including the development and adoption of a Whole System CBA framework³ that enables cross vector thinking resulting in holistic investment planning. This CBA framework has also been embedded into Ofgem’s RIIO-2 reopener guidance⁴ and we would expect the FSO to build on this good work.
- While accepting that there is much uncertainty around the pace and direction of change required to meet Net Zero, there will be a need to ensure that appropriate regulatory mechanisms are in place to support the required levels of investment. Ofgem’s reliance on increasing numbers of reopener uncertainty mechanisms rather than automatic mechanisms or incentives to meet the challenge runs the risk of stifling delivery. The

³ <https://www.energynetworks.org/industry-hub/resource-library/open-networks-2020-ws4-p1-cost-benefit-analysis-methodology.pdf>

⁴ <https://www.ofgem.gov.uk/publications/re-opener-guidance-and-application-requirements-document>

very nature of these mechanisms mean investment decisions will need to be assessed by Ofgem on a case-by-case basis with the risk of disallowance, which could disincentivise innovation and build in unnecessary delays and bureaucracy. We would also question whether Ofgem has the resource to effectively process the scale of reopeners being proposed across the full RIIO-2 framework. Ofgem recognises this as a risk and will need to augment these tools to find agile and effective mechanisms to facilitate change, while balancing the protection and needs of current and future customers.

6. What examples/case studies are you aware of where Net Zero delivery in one part of the energy system did not adequately account for cross-system impacts or costs?

- Please see our member responses.

7. Where should government focus in our efforts to improve systems thinking and coordination across the energy system?

- As set out in the earlier sections of our response, we believe that the government should take the opportunity to deliver a holistic approach across the wider set of reforms (such as the Access & Forward-Looking Charges Significant Code Reviews, Full Chain Flexibility, Energy Codes Review, the proposed introduction of new Competition models in Transmission and Distribution networks, Ofgem review of Network Planning, Digitalisation, Local Area Energy Planning and Mapping, and the Hydrogen Strategy) and provide clarity on the longer-term vision for Net Zero and the preceding decision points. This will help to give the market more confidence and will enable the energy industry to prepare and support the delivery this vision.
- The FSO will need to have roles across both electricity and gas in order to deliver the desired whole system outcomes.

8. Do you agree that the FSO should undertake all the existing roles and functions of NGESO? If not, please explain why.

- As noted in the “Future System Operator Roles and Responsibilities” section above, we broadly agree that the FSO should deliver the existing roles and functions with the exception of codes management that should be delivered by a licensed code manager as there may be a conflict of interest with the FSO managing a code. Please see the

ENA's response to the Ofgem and BEIS Energy code reform: governance framework consultation.

- Again, the FSO must be setup to take a whole systems approach, and hence cannot simply focus on electricity-only roles, which is largely the case for the ESO today.

9. Do you agree there is a case for the FSO to undertake the long-term strategic functions outlined in Option 1? Please elaborate and provide any views on the functions we have outlined in Option 1.

- As per our response above, we believe that the proposed roles and responsibilities set out in this consultation are at very high-level at this stage. We would need to understand them in more detail before we were in a position to comment more definitively on them.
- At this stage, we would refer Ofgem and BEIS to the individual responses from our members as there is a range of views on gas system operation and the proposed new and enhanced roles for the FSO.
 - Broadly, our members agree that there would be a role for the FSO in coordinating long-term strategic planning to deliver a truly holistic and whole energy system approach to Net Zero. However, there would be a need to ensure that roles and responsibilities across the FSO and network companies are clearly defined so that functionality is not duplicated, particularly with respect to network planning. These roles and responsibilities should be developed with further input from the industry.
 - Some members disagree with the FSO taking on some of the roles associated with greater network planning responsibilities, dispute resolution and advisory roles.
 - As set out in ENA's response to the Energy Codes Reform consultation, codes will need to be managed by licensed code managers. We would refer you to this response for further information.
 - We believe that it would be up to Ofgem to select an appropriate body for managing codes and ensuring that there are no conflicts of interest. Would also refer Ofgem and BEIS to individual member response for further views on this.

10. Do you agree that there is not currently a case for the FSO to undertake all GSO roles and functions, including real-time gas system operation, as outlined in Option 2? If you do not agree, please explain why.

- As per our response above, at this stage, we would refer Ofgem and BEIS to the individual responses from our members as there is a range of views on gas system operation and the proposed new and enhanced roles for the FSO.

11. Do you have views on the proposal for an advisory role? What organisations do you consider would benefit from the provision of advice by the FSO? Who should bear the costs of providing that advice?

- As noted in the “Future System Operator Roles and Responsibilities” section above, we feel that this role is not well defined for us to definitively comment on at this stage. We believe that this role will need to be defined further and be appropriately scoped to ensure the right interfaces with other bodies and to avoid duplication of roles and responsibilities.
- As part of this advisory role, ongoing coordination and collaboration with the transmission and distribution networks will be essential as the TOs, DNOs and GDNs possess the local and asset related knowledge. As part of this, there would be a need to ensure that expert advice which can be provided by TOs, DNOs and GDNs was not crowded out if the FSO took on an advisory role.
- Additionally, there could be a number of organisations including planning authorities and stakeholder groups such as the ones below that may benefit from the advice by the FSO:
 - Wider energy industry including interconnector developers, generators, shippers, suppliers, oil and gas producers, heat networks, etc.
 - Government departments, politicians, local governments, councils, and local communities
 - Local and national authorities for infrastructure, transport, roads/highways, maritime and aviation etc.
 - Consumers and consumer groups
 - Innovators
 - Academia

- The scope of the advisory role would however have to be tightly defined and bound in order to avoid the risks that:
 - an additional advisory body creates further inefficiency or conflicting views for energy industry parties, by, for example, becoming an additional voice to opine on price controls; or
 - there is duplication of effort, creating inefficiency and cost duplication, if scope were to extend to roles already undertaken by industry parties.
- It will be important to ensure that the FSO is not subject to political influence in its advisory and decision-making roles and this could be the case if it is a body that is seen as only accountable to BEIS and Ofgem. We believe that the FSO should also be accountable to the Devolved Administrations.
- It would be the government and Ofgem's decision on how the costs would be covered. See member responses for further views.

12. Do you have any views on the other areas where we are considering new and enhanced roles and functions for the FSO (outlined in section 3.2)?

- As noted in the “Future System Operator Roles and Responsibilities” section above, we believe that the proposed roles and responsibilities set out in this consultation are at very high-level at this stage. We would need to understand them further. There is a range of views across our members, for example with respect to network planning, dispute resolution and advisory roles that will be captured in the individual member company responses.
- Capabilities, skills and resources will need to be in place ahead of giving new/enhanced functions and roles to the FSO
- Broadly, we believe that coordination with networks is a cross cutting aspect of all functions. Below is some feedback on specific roles:
- Holistic and coordinated (onshore and offshore) network planning; No single industry party has the experience and skills required to develop both onshore and offshore network reinforcement options that will be sufficiently robust. A strategic transmission network plan should therefore be developed through collaborative working across the industry, with viable options put forward by a number of suitably experienced parties,

including the FSO and TOs, working together to identify onshore/offshore scheme combinations that provide capacity to the overall system.

- Coordinating with distribution networks: As set out in our response above, coordination with distribution networks will be fundamental and cross cutting function that will be a pre-requisite to achieving whole system outcomes across all the areas. DNOs have been given a clear mandate in Ofgem's ED2 policy decision to take on DSO functions in ED2, and these will need to be closely co-ordinated with those of the FSO.
- We support an overarching strategic role for the FSO in local energy mapping and planning. Given the extent of knowledge and expertise that sits with TOs, DNOs and GDNs, we would propose a collaborative strategic long-term planning of the networks at a national level. As above, coordination with TOs, DNOs and GDNs will be key, and duplication of functionality needs to be avoided.
- Future system operability, engineering standards and energy code development
 - As set out in ENA's response to the Energy Codes Reform consultation, codes will need to be managed by licensed code managers. We would refer you to this response for further information.
 - We believe that it would be up to Ofgem to select an appropriate body for managing codes and ensuring that there are no conflicts of interest. Would also refer Ofgem and BEIS to individual member response for further views on this.
- Heat & transport decarbonisation, Hydrogen and CCUS
 - We believe that there could be a role for the FSO to create an overarching national framework with room for regional variation to support heat decarbonisation, hydrogen and CCUS. We would welcome the opportunity to collaborate with the government on future proposals.

13. What are your views on our proposed characteristics and attributes of a future system operator and how the models presented would deliver against them? Are there other characteristics or attributes that we have not yet considered?

- We broadly agree with the characteristics and attributes. Please see our member responses.

14. Are we considering the right organisation models for the FSO? And why?

- There is a range of views and preferences across our members, and we request Ofgem and BEIS to review and consider them.
- Broadly, our members believe that the organisational design of the FSO will be critical to the success of the FSO model and will require consideration of a number of factors, including:
- Speed and complexity of implementation, clarity of accountability and responsibility between different bodies.
- The organisational design will need to ensure that the FSO is appropriately incentivised to deliver the functions in an efficient manner, maximising benefits to customers and has appropriate powers to deliver the scale of change that would be needed.
- Additionally, a key consideration needs to be that whilst there may have been perceived conflicts of interest, there has been no evidence that the ESO had any real conflicts of interest and acted upon them. GB has a strong track record of private ownership driving efficient investment and improving performance for customers with incentive regulation working well to date.
- There are a range of views on how this can be achieved. Please see ENA member responses for details.

15. Are we considering the right elements for the FSO's regulatory and accountability frameworks? And why?

- The design will need to ensure that the FSO is appropriately incentivised to deliver the functions in an efficient manner, maximising benefits to customers and has appropriate powers to deliver the scale of change that would be needed. There are a range of views on how this can be achieved. Please see ENA member responses for details

16. Do you have views on the level of shareholding or control involving other 'energy interests' and the FSO at which a conflict of interest would become a concern?

- Please see member responses.

17. Are we considering the right implications of our proposals for Elexon and Xoserve?

- Elexon and Xoserve provide key services to the industry and, as part of the FSO and energy codes review, it will be essential to consider how the services and roles that they provide continue to get delivered.
- It is appropriate to consider the impact on both Elexon and Xoserve of the formation of a new FSO as both need to be wholly independent of the FSO in the future. The decision on how these are owned, licensed, funded and managed through a regulatory framework is wrapped into the discussions of the Energy Code Reform work. Our view is that both organisations are separate from the FSO and regulated by licence, but owned and funded by their respective code signatories.

18. What is your view on the preferred implementation approach? Please explain why.

- Broadly speaking, we agree with a phased implementation approach and in line with the legislative framework.
- Striking a balance between pace in the face of Net Zero, and pragmatism in implementation, will be key to establishing the FSO.
- In addition, in order to setup the FSO for success, there is a need to consider how roles and responsibilities are transitioned and appropriate skills, capacity and capability is acquired.

19. Based on the areas where we are considering new and enhanced roles and functions for the FSO, which of these should be prioritised for development? Please explain why.

- Please see member responses.

20. What do you believe are the risks to implementation? How can these be mitigated?

- Overall, given the scale and nature of this change programme, there is a risk that if we do not set this up correctly, we will end up re-badging existing structures and/or duplicating functions. There is also a risk that if this change programme is not managed appropriately, we end up setting ourselves back in our journey to Net Zero.

- There are a number of key dependencies that will need to inform the formation of the FSO and the development of newer functions. It will be essential to tie in the various strands of work to ensure that a coordinated approach with appropriate consideration of multiple facets is being taken. In doing so, there needs to be a balance between the pace of delivering against targets and pragmatism in implementation.
- A number of skills and capabilities will be required in the transition to Net Zero and there will be a need to appropriately consider this to ensure that we have the right skills the appropriate level of resources to deliver the transition.
- The implementation of new functions is likely to impact multiple parties and there will be a need to ensure that these parties are involved in these discussions early on. Network systems across transmission and distribution are typically large, expensive and complex; making significant changes to these systems requires proper analysis, co-ordination, collaboration with stakeholders and a suitable phased transition.
- To mitigate these risks, and ensure a balance is struck between pace and implementation in establishing the FSO, a panel or group of relevant industry experts chaired by Government/Ofgem should be formed promptly and given the mandate to establish it. This could be in the mould of other similar successfully industry implementation groups such as the Offshore Transmission Group (OTNR) , ESO Networks Strategy Group (ENSG) etc.

21. Do you have any comments on potential implications of implementation for you, your organisation, or other stakeholders?

- The transition to FSO will be a major industry change and it will impact almost all energy industry parties, including the electricity and gas networks. Therefore, the extent of the relevant resource, expertise and skills will never be able to sit within one strategic organisation. Therefore, it will be essential to engage and work together to appropriately shape the new roles and responsibilities to ensure that cross sector coordination is bedded into the processes.

- As mentioned above, a panel or group chaired by Government/Ofgem with relevant industry experts should be formed promptly to consider and plan for an effective transition to the FSO model, in line with the legislative changes that are required to be made
- See individual member responses

22. What is your view on the position there are likely to be cost savings across the energy system from an increased “whole system” view, as described in paragraphs 47-52 of the IA? If so, is the potential magnitude of savings illustrated fairly in the IA? If not, why not?

- We generally agree that a whole systems approach can deliver savings across the energy industry in transitioning to Net Zero.
- Please see our member responses for specific feedback on the IA.

23. What is your view on the conclusion that policy intervention is likely to increase the benefits of onshore electricity network competition, as described in paragraphs 53-59 of the IA? If you agree, is the potential magnitude of savings illustrated fairly in the IA? If not, why not?

- ENA and its members are currently considering this, and will be responding to the BEIS consultation on competition in onshore electricity networks. Our members' views will be set out in this response.
- We would also point you to our members' responses to Ofgem's recent consultation on Early Competition in Onshore Electricity Transmission Networks, which closed on 14th September 2021.

24. Do you think that the impact assessment has identified and considered the key costs and benefits of policy intervention? If not, can you provide details on other impacts that have not been considered?

- Generally, with an impact assessment of this nature, we recognise the potential difficulty with defining certain aspects such as conflicts of interest, perception, independence etc.. However, we feel that this impact assessment has made a number of broad assumptions which may have benefitted from early input from network companies who could offer their system expertise to help refine the inputs and assumptions.

- Whilst there may have been the perception of conflicts of interest by some parties, there has been no evidence that the ESO had any real conflicts of interest and acted upon them. GB has a strong track record of private ownership, driving efficient investment and improving performance for customers. Incentive regulation has worked well to date.
- Please see individual member responses for specific feedback.

25. Do you think that the distribution of impacts is fairly represented, with impacted groups correctly identified? Outlined in table 5 of the IA.

- Please see member responses.

26. We invite respondents' views on whether the proposals for energy system governance reform may have a different impact on people who have a protected characteristic (age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation), in different ways from people who don't have that characteristic.

- We believe that these would be key considerations in the formation of the FSO and early input from the relevant expert groups would be critical to ensuring the creation of an appropriate FSO model that works for all members of society. See member responses for details.